Ministry of
Forests

SERVICE PLAN
2002/2003 – 2004/2005

BRITISH
COLUMBIA

**Ministry of
Forests**

February 2002

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A *New Era* of Government Service

Three-year Service Plans represent an important part of the government's commitment to open and accountable government. In August 2001, the government amended the *Budget Transparency and Accountability Act* to require government to table a three-year Strategic Plan and annual three-year service plans for ministries and government organizations with the provincial budget. These Plans will ensure government and its individual ministries clearly outline their goals, and enable British Columbians to hold government accountable for its decisions and actions.

The government's Three Year Strategic Plan articulates the government's vision: *British Columbia is a prosperous and just province, whose citizens achieve their potential and have confidence in the future.* It also establishes three strategic goals that are key to achieving the government's overall vision:

- A strong and vibrant provincial economy
- A supportive social infrastructure
- Safe, healthy communities and a sustainable environment

This Service Plan details the Ministry's mission and objectives, which support the government's strategic goals. The Service Plan also includes performance measures that will be used to assess the Ministry's progress in achieving its objectives. Ministry objectives and performance measures are a new initiative. In some cases, as planning progresses, performance measures will become more detailed as they are further developed.

After the end of each fiscal year, the ministry will prepare a Service Plan Report that will describe actual accomplishments for the year just completed. The Report will include a comparison of planned and actual results, from both a financial and performance measure perspective and allow the public to assess the government's performance.

In the years ahead, Service Plans and Service Plan Reports, prepared by government ministries and organizations, will become the key tool by which government will manage public resources to ensure government programs are contributing, in a measurable way, to key government priorities in an efficient and effective manner.

The government's three-year Strategic Plan and Ministry three-year Service Plans will guide the reform of the province's public services so they meet British Columbians' needs. Measures to revitalize economic prosperity and protect and renew public services will lay the groundwork for a future of new opportunity for all British Columbians.

Accountability Statement

The 2002/03 – 2004/05 Ministry of Forests Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. The plan was developed in the context of the government's *New Era* commitments which are to be addressed by May 17, 2005. All material fiscal assumptions and policy decisions as of January 28, 2002 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

Honourable Michael de Jong
Minister of Forests

February 6, 2002

BRITISH COLUMBIA

Ministry of Forests

Forestry has always been a cornerstone of British Columbia's economy. It remains so, but in recent years, the forest sector's ability to support a high standard of living for British Columbia has been impaired by unduly cumbersome policies.

This service plan documents the actions the Ministry of Forests will take to create a climate in which British Columbia's forest sector can work to revitalize itself.

The ministry will streamline regulations and bureaucratic processes so that industry has the flexibility it needs in order to increase its competitiveness. But the ministry will also live up to its obligation as a steward of British Columbia's forests. It will ensure that the broader public interest is protected by maintaining and enforcing strong standards and by ensuring the sustainability of the forests which provide so much to the province.

In support of these objectives, the province's forest policy framework — including timber pricing and regulation — will significantly change over the next three years. These changes will not necessarily be easy in the short term, but they are necessary to protect the province's interests over the longer term.

Honourable Michael de Jong
Minister of Forests

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Strategic Context

Ministry of Forests (Forest Service) Vision: *Healthy Productive Forests*

The province of British Columbia is renowned for its rich and diverse forest and range resources, more than 90% of which are publicly owned. These resources are a major source of environmental, economic and social benefits, contributing to a high standard of living for individuals and communities across British Columbia. Healthy, productive forests are the cornerstone from which all other forest benefits are possible, including continuous generation of substantial revenue to the Crown.

The Forest Service, as the agency responsible for protecting and managing these resources, will focus on ensuring that the health and productivity of the province's forest and range resources are maintained now and in the future. Healthy forests include a diversity of ecosystems that support a full range of forest products, businesses and other opportunities.

Forest Service Mission: *Protect and manage our public forests for the sustained benefit of all British Columbians.*

Since its establishment in 1912, the Forest Service has been mandated to protect and manage the public's forest and range resources. We have recently adopted the motto ***"Stewards of Our Forests"*** to reflect this mandate. Other roles have come and gone, but the stewardship role continues to be the foundation of our organization and is reflected in our mission statement. The key responsibilities for the Forest Service in undertaking this mission in the future are:

- protecting and managing the province's forest and range resources;
- providing the basis for a globally competitive forest industry with high environmental standards; and,
- maximizing net revenues to the Crown.

We will carry out this mandate in co-operation with our other public and private sector partners.

To fulfil this mission, the establishment of clear policies and scientifically-based standards to protect the province's forest and range resources are required to ensure a full range of benefits are available from these resources on a sustainable basis. The Forest Service will continue to monitor and enforce standards for the forest and range practices carried out by licensees. At the same time, we will implement pricing and selling policies aimed at making the province's forest sector more competitive in global markets, and ensuring the Crown receives fair value for the use of its forest and range resources.

As a result of the Core Services review and *New Era* direction from government, innovative approaches to meeting our mission will be necessary. This transformation will include moving to results-based regulation, establishing defined forest area management, and

pursuing alternative arrangements for direct delivery with the forest industry and other stakeholders. The result of these actions will lead to a more efficient Forest Service that is an effective steward of the province's forests.

Values and Ethics

In carrying out our mission and day-to-day activities, the people of the Forest Service share the following core values and ethics:

Values:

- **Respect** for the forest and range resources, our clients and each other.
- **Service excellence** in fulfilling our public trust.
- **Accountability** for our decisions.
- **Openness and Adaptiveness** to new ideas and knowledge.
- A **Can-Do** attitude for getting the job done and done right.

Ethics:

- Our **Sustainable Use** ethic is to manage forest development to meet the current needs of British Columbians without prejudice to the needs of future generations.
- Our **Stewardship** ethic is to care for the health and sustain the beauty and natural functioning of the province's ecosystems by managing forest and range lands to maintain natural diversity across the landscape.
- Our **Public Service** ethic is to provide a continuous flow of benefits from forest and range lands for the physical, cultural and spiritual well-being of British Columbians.

Planning Context

The global environment within which the British Columbia forest sector operates is undergoing rapid and far-reaching change. This section outlines the external and internal challenges that will affect the ministry's ability to accomplish its mission, goals and objectives.

External Challenges

- The softwood lumber dispute and its implications for United States market access are a critical challenge currently facing the province and forest sector.
- A slowing world economy; forest products demand changes in key markets like Japan; increasing forest products competition from Northern Europe, Russia and New Zealand; and the rise of competing products like steel and plastic, are all factors adversely affecting British Columbia forest product exports.
- Major international customers are increasingly concerned about purchasing forest products from old growth forests or areas believed to have high conservation values. They are also requesting certified forest products. British Columbia forest practices and land-use decisions will continue to be examined closely in international markets and will be a key factor influencing purchasing decisions.
- To maximize its success in the long term, British Columbia's forest sector needs to become more outward looking, globally competitive, environmentally responsible and locally accountable.
- Aboriginal land claims that have yet to be resolved create a level of uncertainty that affects perceptions of the desirability of investing in British Columbia forest enterprises.

Internal Challenges

- The Core Services review process and Forest Service resource reductions over the next three years will require that the Forest Service transforms its organizational structure and ways of doing business.
- Implementing a significant agenda for change in the province's forest policy framework, including pricing, tenure and forest practices regulation, is required at the same time as the Forest Service is meeting government's fiscal direction.
- The Forest Service will need to retain staff with the requisite skills and experience to implement government's new direction.

Key Opportunities

- There are opportunities for government to assist British Columbia's forest sector to become more competitive through the implementation of market-based policy reforms.
- The Forest Service will develop new approaches to the way it delivers its core business functions to maintain effectiveness while becoming more efficient.

Goals, Objectives and Strategies

To realize its mission, the Forest Service has established three long-term goals to provide overall direction for its stewardship. The following section describes these goals along with associated objectives and strategies.

In addition, previous functions from the 2001/02 – 2003/04 Performance Plan that will no longer be part of the ministry's mandate are identified at the end of this section.

Goal #1 Sustainable Forest Resources

As stewards of British Columbia's forest and range resources, the Forest Service has the responsibility to ensure that the use of the forests to generate economic benefits is balanced with the long-term health of the forest and range resources. Healthy forest ecosystems sustain the quality and quantity of soil, water and timber. We will ensure the use of appropriate forest and range management practices to maintain and improve the long-term sustainability and health of the province's forest and range resources.

The Forest Service will be redesigning its regulatory and administrative processes to a results-based framework relying more on professional and company accountability to replace the present prescriptive regulatory regime. We will also pursue the implementation of a defined forest area management model, that will provide more operating flexibility and forest management responsibilities for forest companies, support the move to results-based regulation, including certification, and allow government to achieve its fiscal objectives. In addition, the Forest Service will increasingly rely on the forest industry to be responsible for delivery of forest management activities previously undertaken by the Forest Service and Forest Renewal BC, such as discretionary silviculture investments. Our forest fire response will be primarily focused on protecting lives and government forest assets, particularly timber. The Forest Service will retain strategic planning responsibilities for the new Forest Investment Vote. We will also ensure that these roles are harmonized with the private sector. Successful implementation of these shifts will allow the Forest Service to focus on its core stewardship responsibilities.

The following key objectives and associated strategies are directed at achieving the goal of sustainable forest resources:

1.1 Ensure that forest and range resources are protected, managed and improved on a sustainable basis.

- Manage volume-based licenses within a defined forest area management model.
- Work cooperatively with forest companies and other stakeholders to implement timber supply and range analysis within a defined forest area management model.
- Increase the accountability of forest licensees in Timber Supply Areas, including timber supply analysis and control and monitoring of forest pests and diseases.
- Implement a cost-shared fire protection model in co-operation with forest companies, other industrial users, private land owners and others.

1.2 Ensure performance standards for managing timber, forage, bio-diversity, water, soil, forest habitat, and scenic resources are established and enforced.

- Implement a results-based Forest Practices Code by April 1, 2003 that encourages exemplary forest management of all forest resources by licensees.
- Implement a new compliance and enforcement regime for the results-based Code.
- Target applied research activities to support scientifically-based standards of forest practices on Crown lands.

Goal #2 Sustainable Forest Benefits

In British Columbia, more than 90 per cent of the land base that is suitable for timber production is publicly owned. Approximately 230,000 people have jobs associated with British Columbia's forest sector. Of the province's 63 regional economic areas, 41 per cent rely on forestry as their principal source of income. Forestry is projected to generate $1.2 billion in direct revenue to the provincial government during 2001/02, and remains a major contributor to British Columbia's current and future economic health.

As stewards of the forest resources on the behalf of government, the Forest Service has a major role in ensuring that the citizens of British Columbia benefit from commercial use of their forests. Sustainable forest benefits rely on a strong forest economy and a competitive forest sector. In carrying out our decision-making functions, we will consult with the public, forest industry, and other government agencies, while recognizing the unique rights of aboriginal peoples. The Forest Service will work in partnership with other ministries to develop more effective sustainable resource management consultation and approval processes with stakeholders and First Nations in order to ensure access to forest and range resources.

International buyers are seeking assurances that the forest products they purchase come from well-managed forests. Certification is viewed by buyers and others as an important indicator of whether forests are well managed. The demand for certified forest products is expected to increase. The Forest Service is committed to working with industry and others to support increased certification of British Columbia forest products.

We will continue to ensure that the allowable annual cut is fully allocated under tenure and available for timber harvest, and that all authorized animal unit months of forage are under tenure and available for range use.

In order to focus on our core functions, we will divest ourselves of the responsibilities for recreation sites and trails over the three-year period. In addition, the Forest Service will reduce its maintenance functions on the majority of its non-industrial forest roads by implementing a new wilderness-road maintenance standard.

We will continue to carry out government's responsibilities to consult with First Nations regarding forest development. In addition, the Forest Service will support economic measures initiatives undertaken by the Treaty Negotiations Office which are targeted at building economic certainty in both the forest sector and for First Nations communities.

We will focus on the following key objectives and associated strategies directed at achieving the goal of sustainable forest benefits:

2.1 Enhance opportunities to generate wealth from forest and range resources.

- Make the Small Business Forest Enterprise Program (to be renamed Timber Sales Program) more effective and put it on a commercial footing.

2.2 Maintain and expand international markets for British Columbia forest products.

- Pursue free access for British Columbia forest products to markets in the United States.
- Develop and implement new international marketing initiatives.

2.3 Ensure that the public receives fair value for the use of its forest and range resources now and in the future.

- Implement a market-based pricing system to generate appropriate revenues to the Crown.
- Implement a new compliance and enforcement regime that addresses the new pricing system, revenue safeguards, and changes to the tenure system.

2.4 Strengthen and support the competitiveness of the forest sector.

- Reform government market intervention regulations.

Goal #3 Effective Sustainable Forest Manager

As the Forest Service moves toward its 100th anniversary, we are on track to revitalize ourselves as the stewards of the province's forest resources. While undertaking the many challenges and opportunities involved in this endeavour, we will bear in mind that our core purpose is to ensure that sustainable forest resources deliver sustainable forest benefits for the people of British Columbia. The effectiveness of our organization is dependent upon highly trained and knowledgeable staff who will continue to be performance-focused.

We will focus on the following objectives and associated strategies directed at achieving this goal:

3.1 Achieve a successful transformation of the organization so that the Forest Service has the right people with the right skills to fulfill its mandate.

- Implement a successful workforce adjustment process to support the new Forest Service mandate.

- Implement succession planning, training and leadership programs, and diversity initiatives to attract and retain highly qualified staff.

3.2 Regularly assess the performance of the organization and incorporate a culture of positive change to ensure achievement of our mandate.

- Enhance the effectiveness of our corporate planning by fully integrating performance management with the internal business planning and budget processes.
- Increase the effectiveness and efficiency of core and administrative functions by redesigning business areas and implementing best-practices principles across the organization.

3.3 Ensure that the public has confidence that their forest and range resources are being well managed.

- Implement a communications strategy to advise the public on forest policy shifts.
- Involve the public through the Minister's Forest Practices Advisory Committee.

Transition Functions

As a result of the government's restructuring of ministries and the Core Services Review, the Forest Service will no longer be undertaking the following functions that were contained in its 2001/02 – 2003/04 Performance Plan.
We will pursue the transfer of these functions to other government agencies, forest sector companies or other organizations wherever possible.

Land Use Planning & Forest Inventory — Responsibilities for the establishment of landscape-unit objectives, support for strategic land use planning processes, and management of forest inventories were transferred to the Ministry of Sustainable Resource Management in 2001.

Revenue Collection — Responsibility for collecting forest revenue owed to the Crown was transferred to the Ministry of Provincial Revenue in 2001.

Forest Road & Bridge Maintenance — Forest licensees will continue to be responsible for all construction, maintenance and deactivation costs on industrial forest use roads. The ministry will continue to maintain approximately 2000 kilometres of Forest Service Roads accessing remote communities. By March 31, 2005, all other forest roads with non-industrial forest use will be transferred to other agencies, converted to a new wilderness road designation, permanently deactivated, closed or maintained on a user-pay basis.

Forest Health and Productivity Improvements — The Forest Service will significantly reduce its current role in delivering discretionary forest health and silviculture activities. Two Forest Service seed orchards will be closed in 2002/03; the remaining 6 seed orchards will be offered for lease or sale to the private sector in 2002/03. The two Forest Service nurseries will be offered for sale to the private sector in 2002/03.

Recreation Maintenance — The Forest Service will no longer be responsible for funding the maintenance of Forest Service recreation sites and trails. All current Forest Service recreations sites and trails will be transferred to other agencies and organizations or closed by March 31, 2004.

Performance Measurement for 2002/03 – 2004/05

The Forest Service will pursue its goals and objectives through key outcome indicators as well as corporate performance measures assigned to 5 core functions. The core functions incorporate all activities carried out by the Forest Service in achieving its stewardship mandate. We will report against the corporate performance measures and targets to indicate how successful the ministry is in achieving its objectives and strategies. The key outcome indicators will provide a measure of achievement for the associated goal, but are not directly controlled by the Forest Service. Also identified are transition measures and targets for those activities that will no longer be part of the Forest Service mandate.

Major factors influencing the achievement of the Forest Service's 3-year corporate performance targets in this service plan include:

- The breadth and pace of changes to the forest policy agenda;
- Major changes to the Forest Service's core businesses; and,
- Workforce adjustment and organizational restructuring.

Goal 1: Sustainable Forest Resources

Key Outcome Indicator	2001/02 Benchmark	2002/03 Projection	2003/04 Projection	2004/05 Projection
❑ Total area (hectares) of the timber asset in the provincial forest land base	47 million	47 million	47 million	47 million
❑ Ratio of area of provincial forest land reforested {planting and natural regeneration} to area of provincial forest land harvested (based on a 5-year rolling average)	1.2	1.0	1.0	1.0
❑ Indicators of soil, water and bio-diversity in Crown forests	N/A	Benchmark established		

Core Functions	Corporate Performance Measures	2001/02 Base Data	2002/03 Targets	2003/04 Targets	2004/05 Targets
1. Protection of Forest and Range Assets	▪ Total hectares (ha) of Crown forest lost to unwanted wildfire annually (based on a five-year rolling average)	17,095	45,000	45,000	45,000
	▪ Percentage of unwanted wildfire contained at less than 4 ha	91%	89%	89%	89%
	▪ Percentage of Crown forest aerial-surveyed for insect infestations	93%	100%	100%	100%
	▪ Status of implementation of result-based Forest Practices Code (FPC)	Initial Development	Consultation & Legislation	Full Implementation	
	▪ Number of completed effectiveness evaluations of the FPC legislation	3	3	3	3
2. Setting Performance Standards for Forest and Range Practices	▪ Percentage of Allowable Annual Cut (AAC) determinations or reviews achieved before their deadline	83%	80%	75%	75%
	▪ Client satisfaction with applied research completed by the Forest Service	N/A	Benchmark established		
	▪ Percentage of Timber Supply Areas under defined forest area management	11%	20%	50%	100%
3a. Compliance and Enforcement	▪ Percentage of forest operators' compliance with environmental standards that regulate forest practices	92%	94%	94%	94%

Specific Risks:

Achievement of the targets associated with the above performance measures are subject to the following risks:

- ❑ The ability to move a substantial volume of business through the legislative agenda will determine when new legislated standards are ready for implementation.
- ❑ The ability of forest companies to undertake increased forest management responsibilities for timber supply analysis will impact AAC determinations.
- ❑ Unforseen emergencies (e.g. fire, bark beetles) may result in increased expenditure pressures.
- ❑ Management decisions of forest operators will affect their compliance with legislated environmental standards.

Goal 2: Sustainable Forest Benefits

Key Outcome Indicator	2001/02 Benchmark	2002/03 Projection	2003/04 Projection	2004/05 Projection
❑ Crown forest revenue ($ billion)	$1.14	$1.07	$1.21	$1.23
❑ Ratio of British Columbia Forest Industry Capital Investment to Depreciation and Amortization[1]	> 1.0	> 1.0	> 1.0	> 1.0
❑ Hectares of forest land certified by major forest certification processes (CSA, FSC, or SFI)[2]	7.7 million	7.7 million	7.7 million	7.7 million
❑ British Columbia share of US softwood lumber market and Japan softwood lumber imports	U.S. 17% Japan 45%	17% 45%	17% 45%	17% 45%

[1] This ratio indicates whether an industry is maintaining its capital stock and providing for future growth. If the ratio is less than one, the industry is not replacing its capital stock as it wears down. A ratio greater than one suggests that the industry is adding to its capital stock.

[2] Canadian Standards Association, Forest Stewardship Council, Sustainable Forestry Initiative

Core Functions	Corporate Performance Measures	2001/02 Base Data	2002/03 Targets	2003/04 Targets	2004/05 Targets
4. Pricing and Selling Timber and Range Use	• Status of Implementation of market-based pricing system	N/A	Full Implementation		
	• Net Revenue generated from the Timber Sales Program (TSP)	$121 million	$84 million	$110 million	$141 million
	• Percentage of TSP volume advertised for sale	97%	100%	100%	100%
	• Percentage of Timber Supply Area Allowable Annual Cut under a form of tenure	97%	95%	95%	95%
	• Percentage of available Animal Unit Months of forage allocated	90%	90%	90%	90%
3b. Compliance and Enforcement	• % of revenue loss due to illegal activity	2%	< 2%	2%	2%
	• % of major forest theft and fraud investigations that are successfully concluded	theft - 40% fraud - 70%	theft - 45% fraud - 75%	theft - 50% fraud - 80%	theft - 55% fraud - 85%

Specific Risks:

Achievement of the projections and targets associated with the above indicators and performance measures are subject to the following risks.

- ❑ The results of softwood lumber discussions with the United States will impact return on investment, market access indicators and revenues.
- ❑ The ability to move a substantial volume of business through the legislative agenda will determine when market-based pricing can be implemented.
- ❑ Loss of revenue to illegal activity is subject to external factors encouraging or deterring crime.
- ❑ Management decisions of forest operators will influence the Timber Sales Program revenues generated.

Goal 3: Effective Sustainable Forest Manager

Key Outcome Indicator	2001/02 Benchmark	2002/03 Projection	2003/04 Projection	2004/05 Projection
❑ Public Trust in the British Columbia Forest Service	N/A	Benchmark established		

Core Functions	Corporate Performance Measures	2001/02 Base Data	2002/03 Targets	2003/04 Targets	2004/05 Targets
5. Corporate Services	▪ Percentage of corporate performance measures substantially achieved	90%	95%	95%	95%
	▪ Percentage of expenditure targets achieved	100%	100%	100%	100%
	▪ Number of key legislation milestones achieved	N/A	10	4	0
	▪ % of business areas redesigned and implemented to support the refocused Forest Service mandate	N/A	50%	75%	100%
	▪ Number of best practices projects implemented	3	3	3	3
	▪ Percentage of major client services provided electronically	10%	20%	50%	75%

Specific Risks:

Achievement of the targets associated with the above performance measures are subject to the following risks:

- ❑ The availability of workforce adjustment tools required for a successful transformation of the Forest Service
- ❑ The level of successful integration of Forest Service transformation projects with the government's Shared Services initiatives

Transition Measures

Program	Corporate Performance Measures	2001/02 Base Data	2002/03 Targets	2003/04 Targets	2004/05 Targets
Forest Road Infrastructure	• Kilometres of Forest Service roads maintained by the ministry	9,356	5,000	2,700	2,000
	• Number of Forest Service road bridges replaced by the ministry	37	0	0	0
Recreation	• Total number of Forest Service recreation sites managed by the ministry	1,240	240	0	0
	• Total number of Forest Service trails managed by the ministry	650	50	0	0
	• Number of Forest Service recreation sites divested	31	1,000	240	0
	• Number of Forest Service trails divested	0	600	50	0
Forest Health	• Percentage of high-priority bark beetle infestation sites treated by Forest Service (excluding Timber Sales Program)	61%	50%	0	0
Reforestation	• Volume gain (m^3 of timber per year), from all ministry reforestation activities, expected to be available for harvest in approximately 65 years (excluding Timber Sales Program)	322,000	205,500	0	0
Seed Orchards	• Number of Forest Service seed orchards closed or offered to the private sector	0	2 (closed) 6 (offered)	0	0
Nurseries	• Number of Forest Service nurseries offered to the private sector	0	2 (offered)	0	0

Specific Risks:

Achievement of the targets associated with the above transition measures are subject to the following risks:

- Third party interest to have the Forest Service maintain additional Forest Service Roads to the scheduled targets.
- The ability to move a substantial volume of business through the legislative agenda will determine when the above forest management responsibilities are transferred from the Forest Service to forest licensees.
- The ability of forest licensees to undertake increased forest management responsibilities for reforestation and forest health treatments will impact scheduled targets.
- Lack of interest in the private sector to lease or purchase Forest Service seed orchards and nurseries.

Links with the Government's *New Era* Document

New Era Commitments Achieved in 2001/02

- Identification of opportunities to eliminate unnecessary and costly regulation within 30 days — *A deregulation report was delivered to Government in September, 2001.*
- Report to cabinet within 30 days on the development of a plan to resolve, or at a minimum, contain and minimize negative impacts from the trade dispute with the US — *A report was delivered to Cabinet in October, 2001 and consultations with the United States are ongoing.*
- Outline for Cabinet the expected effects of industry restructuring — *The Pearse Report, commissioned by the Ministry, was released in November 2001.*
- Review of agencies, boards, commissions, and Crown Corporations to determine their roles in regard to the new priorities (including decision to "fix or scrap" Forest Renewal BC) — *The Forest Renewal BC Review was completed and Forest Renewal BC will be wound up and the new Forest Investment Vote implemented as of April 1, 2002. The Forest Practices Board review by the Attorney General was completed.*

New Era Commitments Included in 2002/03 – 2004/05 Service Plan

- In support of Government's commitments to education, health care and other priorities, *the ministry's revenue billing will annually contribute an estimated $1.1 billion to the Consolidated Revenue Fund.*
- A leading edge forest industry that is globally recognized for its productivity and environmental stewardship will be addressed through.
  - Ensuring a competitive business climate — *Market interventions will be removed from provincial forest policy.*
  - Cut the forestry regulatory burden by one-third within three years without compromising environmental standards — *Deregulation and development of an effective results-based Forest Practices Code is underway. High environmental standards will be maintained.*
- Opportunities for efficiency, economy and synergy — *New partnerships with forest industry, simplified legislation and greater reliance on professional and company accountability will increase synergy, economy and efficiency.*
- Work to expedite interim measures agreements with First Nations — *The Forest Service will provide support for the Treaty Negotiations Office.*
- Enhanced focus on customer service and restoring BC as a world leader in E-Government services — *Use of electronic client services will be increased.*
- Efficient service delivery models including "user pay" principles where appropriate — *User pay principles will be introduced for forest fire protection.*

- Invest in Research to promote forest stewardship — *The Forest Service and the Forest Investment Vote will fund focused research.*
- Increase the Allowable Annual Cut over time through scientific forest management, proper planning and incentives to promote enhanced silviculture — *Planning, research and silviculture activities will be funded through the Forest Investment Vote.*
- Apply 1% of all direct forest revenues, not including "super stumpage," to global marketing of BC's forest practices and products — *New international marketing initiatives will be implemented in 2002/03.*
- Work to develop an internationally accepted standard for "eco-labelling" of BC forest products — *Certification initiatives will be supported by the Forest Service.*

Key Projects Included in 2002/03 – 2004/05 Service Plan

- Develop a market-based timber pricing regime (including elimination of waterbedding) and tenure reform package which will include fair value for the province's timber resource — *Market-based pricing reform and defined forest area management projects have been initiated in 2001/02.*
- Streamline the *Forest Practices Code* to establish a workable, results-based Code, with tough penalties for non-compliance — *The Results-Based Code was initiated in 2001/02 and legislation will be in place by fall 2002.*
- Develop a plan to make the Small Business Forest Enterprise Program more effective, and to put it on a commercial footing — *Small Business Forest Enterprise Program reform will be implemented beginning in 2002/03(the Program will be renamed the Timber Sales Program).*
- Participate actively in supporting the success of the Ministry of Sustainable Resource Management — *The Forest Service will support land use planning and the establishment of a working forest land base to provide greater stability and enhance long term forestry management and planning.*

Resource Summary

CORE FUNCTION	2001/02 Re-stated Estimates	2002/03 Estimates	2003/04 Plan	2004/05 Plan
Operating Expenditures ($ thousands)				
Protection of Forest and Range Assets	152,874	121,176	101,726	95,202
Setting Performance Standards for Forest and Range Practices	93,027	83,550	66,122	58,482
Pricing and Selling Timber and Range Use	220,194	199,852	162,578	142,456
Compliance and Enforcement	28,052	29,620	25,376	24,256
Corporate Services	43,618	40,716	36,471	29,405
Totals	537,765	474,914	392,273	349,951
FTEs				
	4,061	3,566	2,929	2,628
Consolidated Capital Plan (CCP) ($ thousands)				
Protection of Forest and Range Assets				
Setting Performance Standards for Forest and Range Practices				
Pricing and Selling Timber and Range Use				
Compliance and Enforcement				
Corporate Services				
Totals				
Capital (Consolidated Revenue Fund) ($ thousands)				
Protection of Forest and Range Assets	3,222	4,151	3,666	3,721
Setting Performance Standards for Forest and Range Practices	6,781	5,629	3,930	2,109
Pricing and Selling Timber and Range Use	6,208	5,709	4,839	4,745
Compliance and Enforcement	1,796	1,570	1,506	1,529
Corporate Services	2,049	2,041	1,749	956
Totals	20,056	19,120	15,690	13,060
Financing Transactions ($ thousands) — Disbursements				
Protection of Forest and Range Assets				
Setting Performance Standards for Forest and Range Practices				
Pricing and Selling Timber and Range Use	17,180	6,880	5,020	5,470
Compliance and Enforcement				
Corporate Services				
Totals	17,180	6,880	5,020	5,470

	2001/02 Re-stated Estimates	2002/03 Estimates	2003/04 Plan	2004/05 Plan
Operating Expenditures ($ thousands)				
Forest Investment Vote	293,900[2]	146,000[1]	136,000[1]	126,000[1]
FTEs				
	122	3	3	3

[1]Includes $12 million per year for international marketing initiatives.
[2]2001/02 re-stated estimates for the Forest Investment Vote are planned expenditures and FTEs as per the Forest Renewal BC 2001/02 Business Plan.

Information Resource Management Plan

Forest Service operations are currently supported by more than 50 major computer applications. As the organization's core functions change, some of these applications will be eliminated or will be replaced due to age, cost to operate or substantially different internal business needs. Investment will be required to make the new business relationships electronic in nature. This change has the potential to significantly reduce the cost of doing business, both for the ministry and for the forest industry. We are relinquishing our resource management data repository role and will increase the sharing of information with the Ministry of Sustainable Resource Management and the forest industry.

The Forest Service currently manages sophisticated computer operations in offices in remote parts of the province. Significant computer infrastructure, especially in these remote areas, will be realigned with the government's shared services initiative.

The increased number of litigation cases and Freedom of Information requests will make the adoption of new record management practices, including electronic record management, a high priority for the Forest Service.

Human Resource Management Plan

To meet the goal of being effective forest stewards the Forest Service will implement an innovative, Human Resources (HR) Strategy, which includes a succession planning component.

Using the direction from the Core Service Review and budget process, the primary HR focus over the next three years will be on Workforce Adjustment and Transition, with the peak period expected to occur in the 2003/2004 fiscal year. While workforce adjustment will see us lose a significant portion of our employee base, we will continue to remain a large organization with demanding HR requirements. This adjustment also comes at a time where a significant portion of ministry staff will begin to be eligible for retirement. Balancing these seemingly diametrically-opposed priorities will require strong leadership and commitment to managing our human capital.

As the Forest Service redefines its business, we will also have to focus on the key core competencies and skill-sets that will be required by our employees to move the organization forward. Additionally, we will need to review and implement new organizational structures required to support our goals and objectives. Change management training will continue to be a high priority to support managers, supervisors and employees through this time of transition.

Creating capacity — looking at both the present and the future employee base- will be a key to our human resources sustainability. This will require a strong emphasis on leadership development, employee learning and development, performance management, as well as utilizing the diversity of our employees to maximize productivity and effective program delivery.

Organization Structure

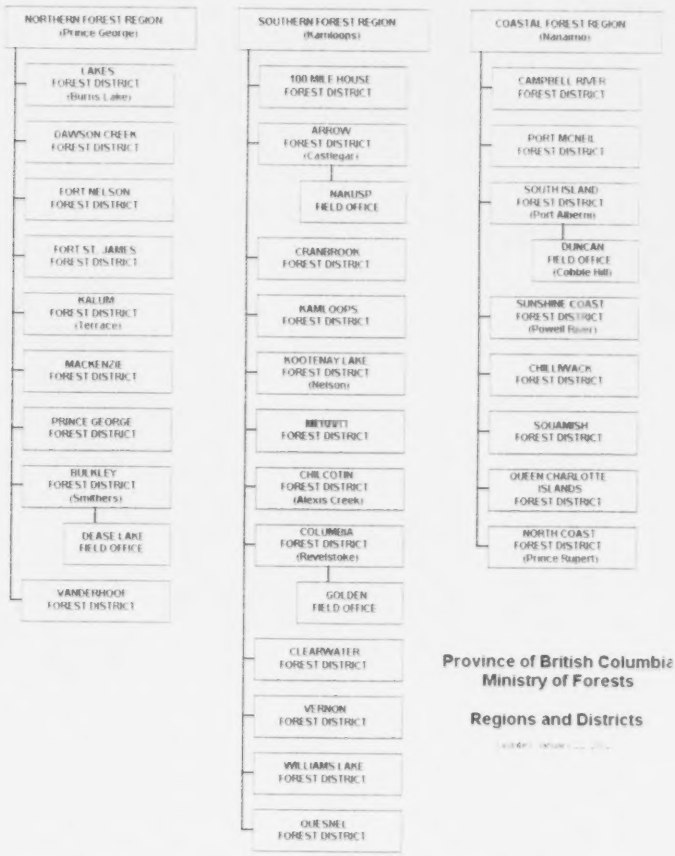
In response to its refocused mandate and resource reduction requirements, the ministry will undertake a significant restructuring of its current organization. This restructuring will align available resources with the ministry's core business functions.

The organization structure for the Victoria headquarters will consist of the following major elements:

Corporate Policy & Governance, Tenure and Revenue, Forest Stewardship, Field Services, Timber Sales Program, and Communications.

The detailed structure of headquarters branches and associated responsibilities within these elements are still being finalized at this time. Some aspects cannot be completed until major policy initiatives are complete or details are confirmed for governments' shared services model.

The organization structure for the Field Services element has been finalized. This element will consist of three forest region offices subdivided into 29 forest district offices and 4 field offices. The specific locations of these offices are identified below.



Province of British Columbia
Ministry of Forests

Regions and Districts

Legislation

The main statutes for which the Forest Service has responsibility are as follows:

Ministry of Forests Act

Continues the Forest Service and provides it with a broad and general mandate to:

a) encourage maximum resource productivity,

b) manage resources responsibly to achieve the greatest short- and long-term social benefits,

c) practise planned, integrated resource management and use,

d) encourage a globally competitive forest industry, and

e) assert the financial interest of the government.

Forest Act

Provides the Forest Service with the authority to:

a) Determine an allowable annual cut for Crown land in each timber supply area and for each tree farm licence, woodlot licence and community forest agreement area.

b) Enter into and administer agreements that authorise:

- timber harvesting and provide revenue to the government, and
- road construction, maintenance or use.

Forest Practices Code of British Columbia

Enables the Forest Service to:

a) establish stewardship standards for operational plans and for forest and range practices,

b) ensure that the legislated requirements for sustainable forest practices are followed,

c) meet the requirements for higher-level plan objectives established through strategic planning, and

d) carry out compliance and enforcement activities to ensure stewardship standards are met.

Range Act

Authorizes the Forest Service to allocate and administer the use of range resources by the livestock industry through grazing and hay-cutting agreements which provide revenue to the government.

Planned Amendments

Over the next two years, the Forest Service will amend the above legislation in order to meet the new government direction. The major legislation amendments will reflect the following changes in the strategic direction of the Forest Service:

a) A results-based Code relying in part on professional and company accountability to replace the present prescriptive regulatory framework;

b) Reform tenure arrangements to curtail market interventions by government and move to defined forest area management;

c) Implement a market-based pricing system to generate appropriate revenues to the government;

d) Enhance the compliance and enforcement regime; and

e) Make the Small Business Forest Enterprise Program more effective and put it on a commercial footing.

Glossary of Terms

Allowable Annual Cut (AAC) — The allowable rate of timber harvest from a specified area of land (e.g. timber supply area, tree farm licence area, or woodlot licence area).

Animal Unit Month (AUM) —The unit by which forage or grazing capability of Crown range land is measured. It represents the amount of forage required for one month by an average cow, aged 6 months or older.

Business area — A set of key functions with a common purpose related to the goals of the ministry.

Certification — The process of identifying forest products as those produced by organizations whose forest practices or management systems meet a set of defined voluntary certification standards, based upon independent assessments. Certification is intended to assure companies and consumers around the world that the forest products they purchase come from well-managed forests.

Core function — The fundamental activities, or group of activities, so critical to an organization's success that failure to perform the business in an exemplary manner will result in deterioration of the mission.

Corporate performance measures — Measurable factors of significant importance to the organization in achieving the strategic goals and objectives. A performance measure is a quantified, time specific measure used to indicate the degree of success the ministry has in achieving its goals, objectives and strategies.

Criteria and Indicators — A criterion is a category of conditions or processes by which sustainable forest management may be assessed. An indicator is a measure of an aspect of the criterion. Those used in Canada were developed through the Montreal Process initiated in 1994. This was an international meeting where criteria and indicators for the conservation and sustainable management of temperate and boreal forests were developed and agreed to internationally.

Defined forest-area management initiative — Changing the volume-based forest management regime prevalent throughout much of the province, to defined forest areas, managed with key attributes of area-based tenures (e.g. Tree Farm Licences).

Discretionary silviculture activities — Silviculture activities that are not required to be performed by legislation. These may include backlog reforestation, brushing, spacing, fertilizing and pruning.

Forest and range assets — All the forest and range resources on Crown land, including the water, soil, bio-diversity, timber, forage, wildlife habitat, recreation, and scenic resources.

Full-time equivalent (FTE) — The equivalent of one person working 1,827 hours in one year.

Goals — Also called Strategic Goals, are the ends that the ministry wants to achieve in fulfilling its mandate and mission. Goals are long-range outcomes that guide an organization's efforts in moving towards a desired future state.

Key outcome indicators — Key outcome indicators, represent key results related to an organization's goals, but that are often not directly attributable to their business activities. Logic models are used to link outcomes to business activities.

Mission — Describes the reason for the ministry's existence. It defines what the ministry does, why it does it and for whom.

Objective — A broad time-phased accomplishment required to realize the successful completion of a strategic goal. Objectives are general statements about desired business area results.

Provincial Forest Land Base — Crown land designated by the *Forest Act* (Section 5) as under the direct jurisdiction of the Ministry of Forests. This is generally equivalent to the crown land area in TFL's, Woodlot Licences, and TSA's (excluding vacant crown land).

Strategies — Describe how implementing a specific set of activities will achieve an objective.

Sustainable Forest Management (SFM) — SFM, as defined by the Canadian Council of Forest Ministers is: "To maintain and enhance the long-term health of our forest ecosystems, for the benefit of all living things both nationally and globally, while providing for environmental, economic, social and cultural opportunities for the benefit of present and future generations."

Targets — Performance targets express pre-set quantifiable performance levels to be attained at a future date.

Timber Supply Area (TSA) — Land designated under the *Forest Act* that is managed for sustainable timber harvest, as determined by an allowable annual cut. There are currently 37 TSAs in BC.

Values — An expression of the ministry's core values and fundamental beliefs that inform the ministry's management style, organizational principles and rules of personal and organizational behaviour.

Vision — A clear, concise and compelling picture of the ministry's preferred future.